

ANNEX I

Scheduled Air Transportation

Section 1

Routes

Airlines of each Party designated under this Annex shall, in accordance with the terms of their designation, be entitled to perform scheduled international air transportation between points on the following routes:

A. Routes for the airline or airlines designated by the Government of the United States:

1. From points behind the United States via the United States and intermediate points to a point or points in Peru and beyond.
2. For all-cargo service or services, between Peru and any point or points.


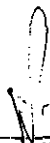
B. Routes for the airline or airlines designated by the Government of Peru:

1. From points behind Peru via Peru and intermediate points to a point or points in the United States and beyond.
2. For all-cargo service or services, between the United States and any point or points.

Section 2

Operational Flexibility

Each designated airline may, on any or all flights and at its option:

1. Operate flights in either or both directions;
 2. Combine different flight numbers within one aircraft operation;
 3. Serve behind, intermediate, and beyond points and points in the territories of the Parties on the route in any combination and in any order;
 4. Omit stops at any point or points;
 5. Transfer traffic from any of its aircraft to any of its other aircraft at any point on the routes; and
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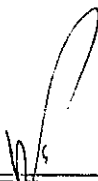
6. Serve points behind any point in its territory with or without change of aircraft or flight number and may hold out and advertise such services to the public as through services;

without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under this Agreement; provided that, with the exception of all-cargo services, the service serves a point in the territory of the Party designating the airline.

Section 3

Change of Gauge

On any segment or segments of the routes above, any designated airline may perform international air transportation without any limitation as to change, at any point on the route, in type or number of aircraft operated; provided that, with the exception of all-cargo services, in the outbound direction, the transportation beyond such point is a continuation of the transportation from the territory of the Party that has designated the airline and, in the inbound direction, the transportation to the territory of the Party that has designated the airline is a continuation of the transportation from beyond such point.



ANNEX II

Charter Air Transportation

Section 1

Airlines of each Party designated under this Annex shall, in accordance with the terms of their designation, have the right to carry international charter traffic of passengers (and their accompanying baggage) and/or cargo separately or in combination, regardless of whether the traffic originates in one or more places or comes from one or more sources, and regardless of in which Party's territory the charter originates:

Between any point or points in the territory of the Party that has designated the airline and any point or points in the territory of the other Party; and

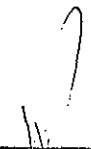
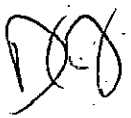
Between any point or points in the territory of the other Party and any point or points in a third country or countries, provided that, except with respect to cargo charters, such service constitutes part of a continuous operation, with or without a change of aircraft, that includes service to the homeland for the purpose of carrying local traffic between the homeland and the territory of the other Party.

In the performance of services covered by this Annex, airlines of each Party designated under this Annex shall also have the right: (1) to make stopovers at any points whether within or outside of the territory of either Party; (2) to carry transit traffic through the other Party's territory; (3) to combine on the same aircraft traffic originating in one Party's territory, traffic originating in the other Party's territory, and traffic originating in third countries; and (4) to perform international air transportation without any limitation as to change, at any point on the route, in type or number of aircraft operated; provided that, except with respect to cargo charters, in the outbound direction, the transportation beyond such point is a continuation of the transportation from the territory of the Party that has designated the airline and in the inbound direction, the transportation to the territory of the Party that has designated the airline is a continuation of the transportation from beyond such point.

Each Party shall extend favorable consideration to applications by airlines of the other Party to carry traffic not covered by this Annex on the basis of comity and reciprocity.

Section 2

Any airline designated by either Party performing international charter air transportation originating in the territory of either Party, whether on a one-way or round-trip basis, could be required to comply with the administrative procedures applicable to charter operations in the country of origin of the operation, provided that such procedures do not limit the rights provided for in Section 1 of this Annex.



However, nothing contained in the above paragraph shall limit the rights of either Party to require airlines designated under this Annex by either Party to adhere to requirements relating to the protection of passenger funds and passenger cancellation and refund rights.

Section 3

Except with respect to the consumer protection rules referred to in the preceding paragraph above, neither Party shall require an airline designated under this Annex by the other Party, in respect of the carriage of traffic from the territory of that other Party or of a third country on a one-way or round-trip basis, to submit more than a declaration of conformity with the applicable laws, regulations and rules referred to under Section 2 of this Annex or of a waiver of these laws, regulations, or rules granted by the applicable aeronautical authorities.



ANNEX III

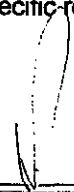
**Principles of Non-Discrimination Within
and Competition among Computer Reservations Systems**

Recognizing that Article 11 (Fair Competition) of this Agreement guarantees the airlines of both Parties "a fair and equal opportunity to compete,"

Considering that one of the most important aspects of the ability of an airline to compete is its ability to inform the public of its services in a fair and impartial manner, and that, therefore, the quality of information about airline services available to travel agents who directly distribute such information to the traveling public and the ability of an airline to offer those agents competitive computer reservations systems (CRSs) represent the foundation for an airline's competitive opportunities, and

Considering that it is equally necessary to ensure that the interests of the consumers of air transport products are protected from any misuse of such information and its misleading presentation and that airlines and travel agents have access to effectively competitive computer reservations systems:

1. The Parties agree that CRSs will have integrated primary displays for which:
 - A. Information regarding international air services, including the construction of connections on those services, shall be edited and displayed based on non-discriminatory and objective criteria that are not influenced, directly or indirectly, by airline or market identity. Such criteria shall apply uniformly to all participating airlines.
 - B. CRS data bases shall be as comprehensive as possible.
 - C. CRS vendors shall not delete information submitted by participating airlines; such information shall be accurate and transparent; for example, code-shared and change-of-equipment flights and flights with stops should be clearly identified as having those characteristics.
 - D. All CRSs that are available to travel agents who directly distribute information about airline services to the traveling public in either Party's territory shall not only be obligated to, but shall also be entitled to, operate in conformance with the CRS rules that apply in the territory where the CRS is being operated.
 - E. Travel agents shall be allowed to use any of the secondary displays available through the CRS so long as the travel agent makes a specific request for that display.



2. A Party shall require that each CRS vendor operating in its territory allow all airlines willing to pay any applicable non-discriminatory fee to participate in its CRS. A Party shall require that all distribution facilities that a system vendor provides shall be offered on a non-discriminatory basis to participating airlines. A Party shall require that CRS vendors display, on a non-discriminatory, objective, carrier-neutral and market-neutral basis, the international air services of participating airlines in all markets in which they wish to sell those services. Upon request of a Party, a CRS vendor shall disclose details of its data base update and storage procedures, its criteria for editing and ranking information, the weight given to such criteria, and the criteria used for selection of connect points and inclusion of connecting flights.
3. CRS vendors operating in the territory of one Party shall be entitled to bring in, maintain, and make freely available their CRSs to travel agencies or travel companies whose principal business is the distribution of travel-related products in the territory of the other Party if the CRS complies with these principles.
4. Neither Party shall, in its territory, impose or permit to be imposed on the CRS vendors of the other Party more stringent requirements with respect to access to and use of communication facilities, selection and use of technical CRS hardware and software, and the technical installation of CRS hardware, than those imposed on its own CRS vendors.
5. Neither Party shall, in its territory, impose or permit to be imposed on the CRS vendors of the other Party more restrictive requirements with respect to CRS displays (including edit and display parameters), operation, or sale than those imposed on its own CRS vendors.
6. CRSs in use in the territory of one Party that comply with these principles and other relevant non-discriminatory regulatory, technical, and security standards shall be entitled to effective and unimpaired access in the territory of the other Party. One aspect of this is that a designated airline shall participate in such a system as fully in its homeland territory as it does in any system offered to travel agents in the territory of the other Party. Owners/operators of CRSs of one Party shall have the same opportunity to own/operate CRSs that conform to these principles within the territory of the other Party as do owners/operators of that Party. Each Party shall ensure that its airlines and its CRS vendors do not discriminate against travel agents in their homeland territory because of their use or possession of a CRS also operated in the territory of the other Party.

ANNEX IV

Transitional Provisions

Notwithstanding the provisions of Article 8(7), Article 11(2), and Annexes I and II, airlines of the Parties shall be subject to the limitations in this Annex, which shall expire on the dates indicated herein, or if no date is indicated, on June 11, 2002.

A. LIMITATIONS APPLICABLE TO COMBINATION SERVICES

1. ROUTES:

Designated airlines shall be entitled to perform scheduled international combination services between points on the following routes:

a. ROUTES FOR AIRLINES DESIGNATED BY PERU:

- (1) From June 12, 1998 through June 11, 1999, from points behind Peru, via Peru, and intermediate points to any point or points in Puerto Rico and 15 other selected points in the U.S., and beyond to Canada, Europe, and/or Oceania.
- (2) From June 12, 1999 through June 11, 2000, from points behind Peru, via Peru, and intermediate points to any point or points in Puerto Rico and 30 other selected points in the U.S., and beyond to Canada, Europe, Oceania, Asia and/or Africa. In addition, service between Peru and all points in the United States may be held out and sold under a code-share arrangement on services operated by any U.S. airline.

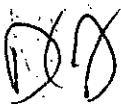
b. ROUTES FOR AIRLINES DESIGNATED BY THE UNITED STATES:

- (1) From June 12, 1998 through December 11, 1998, from points behind the United States, via the United States, and the following intermediate points:

any points other than points in Mexico, Venezuela, and Colombia; notwithstanding the above, Mexico City, Cancun, and Cali may be served on a blind-sector basis between those points and points in Peru; and Bogota may be served with full traffic rights;

to 3 selected points in Peru and beyond.

- (2) From December 12, 1998 through June 11, 1999, from points behind the United States, via the United States, and intermediate points to 3 selected points in Peru and beyond.



- (3) From June 12, 1999 through June 11, 2000, from points behind the United States, via the United States, and intermediate points to 6 selected points in Peru and beyond. In addition, service between the United States and all points in Peru may be held out and sold under a code-share arrangement on services operated by any Peruvian airline.
- c. From June 12, 1998 through June 11, 2000, an airline of one Party may carry passengers to no more than one stop-over point in the territory of the other Party, unless the second stop-over point precedes a segment to a point outside the territory of the other Party. A passenger's destination point does not constitute a stop-over point.
- d. Each Party shall select points to be served by its airlines and may change those points on thirty days notice. Each Party shall notify the other Party, by diplomatic note, of the points it has selected.

2. FREQUENCIES:

- a. During the indicated periods, scheduled combination services operated by designated airlines of each Party on the authorized routes shall be limited as follows:
 - (1) From June 12, 1998 through June 11, 1999, 63 weekly round-trip frequencies, subject to the conversion formula in Section 3.
 - (2) From June 12, 1999 through June 11, 2000, 77 weekly round-trip frequencies, subject to the conversion formula in Section 3.
 - (3) From June 12, 2000 through June 11, 2001, 84 weekly round-trip frequencies; no conversion formula shall apply.
 - (4) From June 12, 2001 through June 11, 2002, 91 weekly round-trip frequencies; no conversion formula shall apply.
- b. During the indicated periods, scheduled combination services operated by designated airlines of the United States to points beyond Peru shall be limited as follows:
 - (1) From June 12, 1998 through June 11, 1999, from points behind the United States, via the United States, and intermediate points to 3 selected points in Peru and beyond as follows:
 - Seven (7) weekly round-trip frequencies to Argentina
 - Seven (7) weekly round-trip frequencies to Bolivia
 - Seven (7) weekly round-trip frequencies to Chile



During this period, designated U.S. airlines may not provide service to Brazil, Paraguay and Uruguay using their own aircraft, but may place their code on services operated by a designated Peruvian airline.

- (2) From June 12, 1999 through June 11, 2000, from points behind the United States, via the United States, and intermediate points to 6 selected points in Peru and beyond as follows:

Seven (7) weekly round-trip frequencies to Argentina
Seven (7) weekly round-trip frequencies to Bolivia
Fourteen (14) weekly round-trip frequencies to Chile
Seven (7) weekly round-trip frequencies to Brazil
Seven (7) weekly round-trip frequencies to Paraguay
Seven (7) weekly round-trip frequencies to Uruguay

- (3) From June 12, 2000 through June 11, 2001, from points behind the United States, via the United States, and intermediate points to any points in Peru and beyond as follows:

Fourteen (14) weekly round-trip frequencies to Argentina
Fourteen (14) weekly round-trip frequencies to Bolivia
Fourteen (14) weekly round-trip frequencies to Chile
Fourteen (14) weekly round-trip frequencies to Brazil
Fourteen (14) weekly round-trip frequencies to Paraguay
Fourteen (14) weekly round-trip frequencies to Uruguay

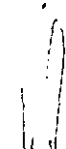
- (4) From June 12, 2001, from points behind the United States, via the United States, and intermediate points to any points in Peru and all points beyond.

- c. The above frequency limits shall not apply to operations by airlines designated by Peru that serve a point in Puerto Rico.
- d. Codeshare services shall be counted only against frequency limitations applicable to the airline actually operating the aircraft.

3. CONVERSION FORMULA

- a. From June 12, 1998 through June 11, 1999, for combination services, frequencies shall be counted subject to the following conversion formula:

- (1) DC-8, MD-80, B-707, B-727, B-737, B-757, A-320, or similar aircraft will be counted as 1 frequency.
- (2) L-1011, DC-10, MD-11, A-300, A-330, A-340, B-767, B-777, B-747SP, or similar aircraft will be counted as 1.5 frequencies.



- (3) Any aircraft operated with more than 300 seats will be counted as 2 frequencies.
- b. From June 12, 1999 through June 11, 2000, for combination services, frequencies shall be counted subject to the following conversion formula:
 - (1) DC-8, MD-80, B-707, B-727, B-737, B-757, A-320, or similar aircraft will be counted as 1 frequency.
 - (2) L-1011, DC-10, MD-11, A-300, A-330, A-340, B-767, B-777, B-747, or similar aircraft will be counted as 1.5 frequencies.
- c. Notwithstanding the conversion formulas in this Section, each Party shall give favorable consideration to requests by combination airlines of the other Party to substitute larger aircraft on scheduled service without using additional frequencies.

B. LIMITATIONS APPLICABLE TO ALL CARGO SERVICES

1. FREQUENCIES:

From June 12, 1998 through June 11, 1999, scheduled all-cargo services operated by designated airlines of each Party on the authorized routes shall be limited to 42 weekly round-trip frequencies.



2. ROUTES:

- a. From June 12, 1998 through December 11, 1998, designated U.S. all-cargo airlines may operate on routes between the United States and Peru via any intermediate point or points, excluding points in Mexico, Venezuela, and points in Colombia except Bogota.
- b. From June 12, 1998 through June 11, 1999, when operating beyond Peru, designated U.S. all-cargo airlines may not carry local traffic between Peru and Argentina, Bolivia, Chile, Brazil, Paraguay or Uruguay.

C. LIMITATIONS APPLICABLE TO CODESHARING

From June 12, 1998 through December 31, 1999, designated airlines of one Party may not operate codeshare arrangements with airlines of a third party on segments beyond the territory of the other Party.

From June 12, 1999, both Party's airlines designated to perform scheduled combination services may hold out and sell services, without limitations, under a code-share arrangement with a designated airline of the other Party, to any point in the territory of the other Party.



D. LIMITATIONS APPLICABLE TO COMBINATION CHARTER OPERATIONS

From June 12, 1998 through June 11, 2002, airlines designated by either Party shall be entitled to operate no more than 52 round-trip combination charter operations annually on routes served by scheduled service.

Airlines designated by either Party shall be entitled to operate an unlimited number of round-trip combination charter operations on routes that are not served by scheduled combination service.

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